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SUBJECT: Austrian Elections: "Italianization" Ahead?

Summary

**¶1.** Less than two months before the September 28 national parliamentary elections, two smaller parties, in addition to the five parliamentary parties, are also entering the race, with some chance of passing the 4% hurdle to enter parliament. The "List Fritz Dinkhauser" is a spinoff from the conservative People's Party (OVP), led by the Tyrolean Fritz Dinkhauser who scored a major success in the Tyrolean elections in June. The Liberal Forum (LIF) was represented in parliament from 1993 to 1999, after it split from the rightwing Freedom Party (FPO) in 1993. July polls indicate that 35-40% of voters are still undecided. The coalition party Social Democrats (SPO) and OVP are at 25 and 29%, respectively, in these polls, both also somewhat suffering from internal squabbles. Among upcoming themes for the election campaign are measures to fight inflation, tax reform, nursing care for elderly, as well as improving measures to deal with criminal illegal aliens. End Summary.

New Parties - Dinkhauser

**¶12.** On July 29, the conservative Tyrolean politician Fritz Dinkhauser announced his "List Fritz Dinkhauser" will run nationwide in the September 28 general election. Dinkhauser's party ran in the Tyrolean elections in June, and received nearly 20% then. Dinkhauser wants to attract disaffected protest voters.

Liberal Forum

**¶13.** Former Liberal Forum (LIF) chairwoman Heide Schmidt announced on July 25 that her party will compete in the September ballot, and that she will be the top candidate. The LIF, which split from the Freedom Party (FPO) after its rightward lurch in the '90s, was represented in parliament until 1999, when it failed to clear the 4% hurdle to enter the legislature. Schmidt stressed she wanted to offer voters an alternative to prevent the inclusion of the FPO in the next coalition government. LIF's program focuses on a liberal economic course and human rights issues.

Coalition Parties

**¶14.** The coalition parties - Social Democrats (SPO) and OVP - are struggling to regain the confidence of voters. In the SPO, designated party chairman and top candidate Werner Faymann is attempting to establish himself as attractive and reliable alternative to Chancellor Gusenbauer. The SPO will put up election posters on August 2, displaying a picture of Faymann, carrying the slogan "Enough Quarelling" - alluding to the bickering between the coalition parties in the past one and a half-years. Faymann has also attempted to mend fences with the SPO's labor wing by allowing top trade unionists to run for parliament. Chancellor Gusenbauer had tried to abolish such double functions. OVP Vice-Chancellor Wilhelm Molterer is meanwhile seeking to motivate his party functionaries to become active in the campaign, after several OVP provincial leaders criticized Molterer's decision to call elections. Molterer also presented the OVP's economic platform on July 31, offering popular benefits to voters.

## Opposition Parties

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¶ 15. The rightwing/populist FPO has so far announced that its chairman Heinz-Christian Strache will be the party's top candidate. The party is likely to be the main beneficiary of the OVP's call for early elections. Due to its longstanding tradition as protest voter party with an anti-immigration and anti-EU platform, it is likely to attract most of the disgruntled voters disappointed with the major parties' performance in the Grand Coalition government. The Greens are presenting themselves as environmental, pro-European party with a social conscience, and may be an alternative for SPO voters who are unhappy with Faymann's somewhat EU-critical course. The FPO spin-off BZO hopes to score with a new top candidate, after the criminal conviction of current BZO leader Peter Westenthaler for perjury and his suspended nine month prison sentence.

## Themes

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¶ 16. So far, fighting inflation seem to be the main topic in the election campaign. The coalition parties are trying to hand out goodies: The OVP suggests an additional 13th month of child care benefit per year, in addition to the 12 monthly 130-150 Euro benefits per child. The SPO wants tax relief measures in 2009, rather than 2010, which the OVP prefers. Both parties also want to raise nursing care allowances for elderly. Some of these measures could still be approved at a cabinet meeting in mid-August. Both the SPO and OVP are seeking to gain profile vis-`-vis the FPO's anti-immigration position, the OVP has also raised the issue of criminal illegal aliens. Interior Minister Maria Fekter (OVP) has

VIENNA 00001099 002 OF 002

recently announced plans to speed up the deportation of criminal illegal aliens by improving bilateral agreements in this area. SPO Social Affairs Minister has said Austria should continue to bar skilled workers from the new Eastern European EU countries from the Austrian labor market as long as there are sufficient Austrian skilled workers available.

## Polls

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¶ 17. July polls indicate that 35 to 40 percent of voters are still undecided. The major parties continue to poll well below their 2006 results: The OVP holds 29%, compared to 34% in 2006, the SPO 25% (vice 35%). The opposition parties have risen in voter popularity: the FPO is at 18% (11% in 06), the Greens 15% (11% in 06), and the BZO 6% (4% in 06). Dinkhauser and LIF are estimated to share the remaining 7%. The image of political parties and politicians is currently at a record low.

## Comment

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¶ 18. If current trends continue, the elections could result in major blood-letting for the coalition parties, a highly fractured parliament, and a very difficult coalition formation process. In the remaining time until the general election, SPO and OVP may, however, still recover somewhat, particularly the SPO with top candidate Faymann and his excellent media connections, while the smaller parties, particularly the newcomer Dinkhauser list, but also the Liberal Forum and the BZO, could lose in attractiveness due to their lack of a comprehensive program and a wide network of support structures. GIRARD-DICARLO